

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 96-353-C - ORDER NO. 97-332  
APRIL 21, 1997

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IN RE: Application of Telephone Services, Inc. ) ORDER  
for a Certificate of Public Convenience ) APPROVING  
and Necessity to Provide Intrastate Resold ) CERTIFICATE  
Telecommunications Services within the )  
State of South Carolina. )

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Telephone Services, Inc. ("TSI" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold intrastate telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1996), S.C. Code Ann. §58-9-520 (Supp. 1996), and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed TSI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of TSI's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. TSI complied with this instruction and provided the Commission with proof of publication

of the Notice of Filing. No Petitions to Intervene or letters of protest were received by the Commission regarding TSI's Application.

A hearing was commenced on April 9, 1997, at 10:30 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. TSI was represented by Frank R. Ellerbe, III, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

John Davis, President of TSI and President of Fort Sill National Bank, appeared and offered testimony in support of TSI's Application. The record reveals that TSI is an Oklahoma corporation which is registered to do business in South Carolina as a foreign corporation. Mr. Davis explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. According to Mr. Davis, TSI proposes to offer prepaid debit card telecommunications service over resold facilities. Mr. Davis states that TSI will only use carriers who are certified to carry traffic in South Carolina. The record reveals the Company's services, operations and marketing procedures. Mr. Davis also testified that the Company is aware of this Commission's requirement of a security bond from out-of state resellers offering prepaid calling (debit) cards.

Further, Mr. Davis offered that TSI possesses the technical, financial and managerial abilities to provide its services in South Carolina. Mr. Davis testified that the Company would operate in accordance with the Commission rules, regulations, guidelines, and

prior Commission Orders. Finally, Mr. Davis offered that approval of TSI's application is in the public interest as TSI will provide a competitive alternative for South Carolina consumers. Mr. Davis also acknowledged that TSI had received some revenues for the completion of intrastate calls.

Counsel for TSI stated that TSI agreed to make certain changes to its proposed tariff as suggested by the Commission Staff. Counsel also moved that the Commission waive any refund requirement on the intrastate revenues collected prior to TSI receiving a Certificate of Public Convenience and Necessity. In his motion, counsel for TSI noted the transient nature of the debit card on which the intrastate revenues were collected and further offered that the small amount of the revenues indicated that the completed calls were inadvertent.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

#### FINDINGS OF FACT

1. TSI is incorporated under the laws of the State of Oklahoma and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. TSI operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. TSI has the experience, capability, and financial

resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to TSI to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for TSI for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. TSI shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. TSI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a

general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

4. TSI shall file its revised tariff, setting forth its schedule of maximum rates and an accompanying price list, within thirty (30) days from the date of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. TSI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's authority to provide resold telecommunications services (other than prepaid debit card services), an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. TSI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If TSI changes underlying carriers, it shall

notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, TSI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. TSI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

TSI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, TSI shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

11. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond

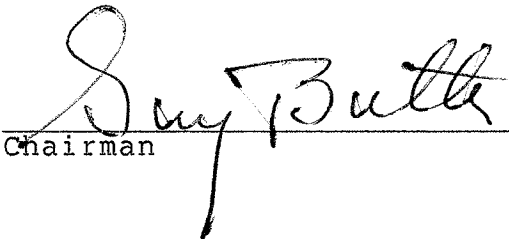
in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

12. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

13. TSI's Motion to Waive Refunds of revenues collected for the completion of intrastate calls prior to receiving authority to provide resold telecommunications services in South Carolina is granted. The Commission will not require TSI to make refunds of the intrastate revenues collected prior to receiving its Certificate.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)



DOCKET NO. 96-353-C - ORDER NO. 97-332  
APRIL 21, 1997  
ATTACHMENT A

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ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

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COMPANY NAME

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FEI NO.

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ADDRESS

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CITY, STATE, ZIP CODE

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PHONE NUMBER

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 ABOVE).

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SIGNATURE

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NAME (PLEASE TYPE OF PRINT)

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TITLE

DOCKET NO. 96-353-C - ORDER NO. 97-332  
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ATTACHMENT B

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INFORMATION OF THE AUTHORIZED UTILITY REPRESENTATIVES  
FOR INTEREXCHANGE, LOCAL AND AOS COMPANIES

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION  
REGULATION 103-612.2.4(b), each utility shall file and  
maintain with the Commission the name, title, address, and  
telephone number of the persons who should be contacted in  
connection with Customer Relations/Complaints.

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Company Name/DBA Name

---

Business Address

---

City, State, Zip Code

---

Authorized Utility Representative (Please Print or Type)

---

Telephone Number

---

Fax Number

---

E-Mail Address

---

This form was completed by

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Signature

If you have any questions, contact the Consumer Services  
Department at 803-737-5230